

FIRST REGULAR SESSION

HOUSE BILL NO. 814

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE REED.

1445H.01I

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 143.071, RSMo, and to enact in lieu thereof two new sections relating to the modification of certain business income taxes based on annual net revenue, with a referendum clause.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 143.071, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 143.071 and 143.076, to read as follows:

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable income.

2. For all tax years beginning on or after September 1, 1993, and ending on or before December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

3. For all tax years beginning on or after January 1, 2020, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to four percent of Missouri taxable income.

4. **Beginning January first of the calendar year immediately following the passage and adoption of this act, the tax of a corporation shall be computed on its Missouri taxable income at the rates provided under section 143.076.**

5. The provisions of this section shall not apply to out-of-state businesses operating under sections 190.270 to 190.285.

143.076. 1. **This section shall be known and may be cited as the "Missouri Business Tax Adjustment Act".**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

3 2. For the purposes of this section, the following terms mean:

4 (1) "Business entity", any business taxpayer, including, but not limited to, any
5 self-employed individual, corporation, firm, sole proprietorship, partnership,
6 association, limited liability company, limited liability partnership, or other business
7 organization or business entity, doing business in the state of Missouri and subject to the
8 state income tax imposed by the provisions of this chapter;

9 (2) "Net revenue", a business entity's total annual revenue after allowable
10 deductions for expenses and other modifications allowed by law, as is derived from
11 sources within this state as provided under section 143.451;

12 (3) "Net business income tax revenue", all revenue collected from the tax
13 imposed under this section and deposited into the Missouri business tax fund, less
14 refunds and revenues originally deposited into such fund but designated by law for a
15 specific distribution or transfer to another state fund;

16 (4) "Small business entity", a business entity with an annual net revenue under
17 five hundred thousand dollars.

18 3. For all tax years beginning on or after January first of the calendar year
19 immediately following the effective date of this act, a tax is hereby imposed upon the
20 Missouri taxable income of every business entity as follows:

21 (1) Business entities with a net revenue of ten million dollars or greater shall pay
22 an income tax in an amount equal to seven percent of Missouri taxable income;

23 (2) Business entities with a net revenue of one million dollars or greater but
24 under ten million dollars shall pay an income tax in an amount equal to five percent of
25 Missouri taxable income;

26 (3) Business entities with a net revenue of five hundred thousand dollars or
27 greater but under one million dollars shall pay an income tax in an amount equal to
28 three and one-half percent of Missouri taxable income; and

29 (4) Small business entities with a net revenue under five hundred thousand
30 dollars shall remain subject to the applicable existing income tax rate under the
31 provisions of this chapter.

32 4. The income tax imposed under this section shall be imposed on business
33 entities in lieu of the income tax otherwise imposed under sections 143.011, 143.021, and
34 143.071, and any other provisions of this chapter, except as provided under subdivision
35 (4) of subsection 3 of this section.

36 5. (1) There is hereby created in the state treasury the "Missouri Business Tax
37 Fund", which shall consist of moneys collected under this section. The state treasurer
38 shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state
39 treasurer may approve disbursements. The fund shall be a dedicated fund and, upon

40 appropriation, moneys in this fund shall be used solely as provided under subsection 7
41 of this section.

42 (2) Notwithstanding the provisions of section 33.080 to the contrary, any moneys
43 remaining in the fund at the end of the biennium shall not revert to the credit of the
44 general revenue fund.

45 (3) The state treasurer shall invest moneys in the fund in the same manner as
46 other funds are invested. Any interest and moneys earned on such investments shall be
47 credited to the fund.

48 6. The net business income tax revenue generated and collected under this
49 section shall be deposited in the Missouri business tax fund and allocated as follows:

50 (1) Forty percent to public education, including funding for K-12 schools,
51 community colleges, and state universities;

52 (2) Thirty percent to infrastructure projects, including road and bridge repairs;

53 (3) Twenty percent to health care programs, with an emphasis on expanding
54 Medicaid coverage and access to rural health care services; and

55 (4) Ten percent to the Missouri small business development fund to assist
56 businesses transitioning into higher revenue brackets.

57 7. Nothing in this section shall prevent a taxpayer from claiming a corporate
58 income or personal income tax credit, tax deduction, tax exemption, or other tax
59 incentive allowed to such taxpayer and applied to the taxpayer's Missouri taxable
60 income under this chapter for a given tax year.

61 8. If any provision of this section or its application to any person or circumstance
62 is held invalid, such determination shall not affect the provisions or applications of this
63 section which may be given effect without the invalid provision or application, and to
64 that end the provisions of this section are severable.

65 9. The department of revenue may promulgate all necessary rules and
66 regulations for the administration of this section. Any rule or portion of a rule, as that
67 term is defined in section 536.010, that is created under the authority delegated in this
68 section shall become effective only if it complies with and is subject to all of the
69 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
70 536 are nonseverable and if any of the powers vested with the general assembly
71 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
72 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
73 and any rule proposed or adopted after the effective date of this act shall be invalid and
74 void.

Section B. This act is hereby submitted to the qualified voters of this state for the
2 approval or rejection at an election which is hereby ordered and which shall be held and

3 conducted on Tuesday next following the first Monday in November 2026, under the
4 applicable laws and constitutional provisions of this state for the submission of referendum
5 measures by the general assembly, and this act shall become effective when approved by a
6 majority of the votes cast thereon at such election and not otherwise.

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